

**DRAFT MINUTES OF THE TOWN OF GILBERT, ARIZONA SELF-INSURED TRUST FUND FOR
HEALTH INSURANCE BENEFITS BOARD OF TRUSTEES MEETING
CONFERENCE ROOM 300, 50 E. CIVIC CENTER DR., GILBERT, ARIZONA
October 24, 2018**

MEMBERS PRESENT: Anthony Panepinto, Chairman
Stephanie Perkins
Mary Dellai
Kelly Pfof

MEMBERS ABSENT: None

STAFF PRESENT: Kristen Drew, Human Resources Manager
Jolean Fleck, Human Resources Director
Donna Pedrera, Sr. Human Resources Analyst
Cris Welch, Budget Analyst
David Pock, Assistant Accounting Manager
Anthony St. George, Senior Accountant

GUESTS PRESENT: Kerrin Matousek, Willis Towers Watson
Stephen Doyle, Willis Towers Watson

1. Call to Order

Chairman Panepinto called the meeting to order at 5:05 PM.

2. Roll Call

Ms. Pedrera called roll and a quorum was declared.

3. Oath of Office

Councilmember Taylor was unable to attend the meeting so the oath of office was not administered and will be on the agenda for April 24, 2019.

4. Communication from Citizens

None

5. Financial Reports

Discussion, possible action by motion.

Mr. St. George reviewed the final unaudited financial reports for the 2nd quarter of FY2019 which show a positive net position of \$5M in the health fund and \$646K in the dental fund.

Ms. Dellai motioned to approve the financials as presented and Ms. Perkins seconded the motion. The motion passed 4 – 0.

6. Review of Plan Dashboard

Discussion only.

Mr. Doyle reviewed the plan dashboard noting medical claims down 6.1% and pharmacy claims down 2% compared to the same quarter last year. There are twelve claimants over \$50K, which is higher than the same quarter last year. Of the twelve, two have hit stop loss thresholds. Other claims will continue to be monitored. Overall plan is performing well with increased enrollment up 5.4% over last year.

7. FY20 Plan Discussions

Discussion, possible action by motion.

Ms. Drew reviewed the items that staff was evaluating for FY20, and stated that staff researched the potential costs, savings, and disruption of each consideration, as well as the status of the five-year model and those projections, in making their FY20 plan recommendations. The fund is recovering nicely and estimated to end FY19 above minimum fund balance, therefore there is no driving need to make any major changes, nor is there a need for premium increases for FY20.

Several pharmacy change options were considered, and the options of switching to the standard formulary, adding formulary exclusions, and increasing some of the co-pay tiers, presented more disruption than cost savings value, particularly since the fund is doing well. One pharmacy recommendation is to add a mandatory maintenance option at two times the monthly co-pay. Currently members can utilize any pharmacy for a 90-day supply but pays three times the co-pay. This option incentivizes members to use CVS for those medications, and will reduce out of pocket costs for those members, as well as reduce pharmacy claims expenses to the fund with lower pharmacy costs from CVS. Those members that do not wish to use CVS, can opt out of the program and continue at their current pharmacy at the current monthly co-pay amounts. Staff has been educating members in healthcare consumerism, and will continue to educate in regard to how costs affect the fund, benefits of researching provider options, and cost savings of generics over brands. Staff is also looking into a Banner Specialty Pharmacy, which may help reduce specialty pharmacy costs. There was some discussion on the various pharmacy options and the impact of excluding Walgreen's from the plan, as they charge the highest rates. Staff reported that there is currently a high utilization of Walgreen's but as education continues more members are moving to other pharmacies. Some members live in areas that Walgreen's is their only 24-hour pharmacy option, so disruption would be a factor to that decision.

Staff reviewed federal compliance in relation to the extension of coverage for surgical intervention to correct gender-related birth defects and gender reassignment surgery. The current plan covers counseling and hormone therapy, but excludes surgery. All fully insured plans are federally required to include surgery in their plan coverages and many self-insured plans have added it in the past three years. About one in two thousand babies are born with a gender-related birth defect, and this would give those parents an option for surgery. Estimate costs are \$75K annually in claims costs, though peers report approximately one surgery in five years. There was some discussion of this issue and clarification of cost to the fund. It was agreed this would not have a negative impact on the fund.

Staff researched 98point6, which offers the same services as Teladoc, but additionally offers a texting option, wellness options, and is estimated to be cost neutral year one, and a savings at year two. Teladoc costs a per-member per-month fee, a fee per consult, a co-pay to the member, and a co-pay difference to the health fund. In the past twelve month period, costs to the fund were \$13,050, which does not include out-of-pocket costs to the member, and will continue to increase as more members utilize this service. 98point6 charges a flat per-employee per-month fee with no additional charges to the member or the fund, regardless of use. The guaranteed cost for two years is \$13,816 per year. This ties in to one of staff's goals to increase

member participation in wellness and preventive services. There was some discussion on this and a request for staff to follow up on references for this company as a condition of approval of this item.

Ms. Drew mentioned continued work by staff on the Health Trust 5-Year Guide document, and that FY20 recommendations meet the areas of focus discussed at the last meeting: sustainable fund; competitive plan options; wellness/preventive items; education/consumerism. In addition, staff has continued targeted education on diabetes, which is the fund's costliest pharmacy issue, and depression/anxiety, the fund's most prescribed medications.

Staff recommends the following options with no increase to premiums for FY20:

1. Add mandatory maintenance drugs, at 2x copay, with opt-out option;
2. Add gender reassignment surgery coverage;
3. Remove Teladoc and add 98point6, once references are confirmed;
4. No changes to dental or vision plans or premiums.

There was some additional discussion on the recommendations, and clarification of the Board's primary focus of a sustainable fund, and that these recommendations do not negatively affect the positive progress of the fund.

Mr. Panepinto motioned to approve the staff recommendations for FY20 as presented above and Ms. Perkins seconded the motion. The motion passed 4 – 0.

8. Staff Update and Future Agenda Items

Discussion only.

Ms. Drew shared that employee engagement has been high at an onsite mobile dental unit and an onsite mobile mindfulness unit, which ties into the goals of preventive visits, and reduction of stress and anxiety.

Work continues on the implementation of BenefitFocus, an automated enrollment system, and is scheduled to go live in mid-April. Once in place, this enables staff to add additional voluntary benefits to employees.

Staff worked with Parks & Recreation to propose an employee rate as part of GilbertWellness, which will go to Council for approval on February 7, 2019.

Participation in Flexible Spending for 2019 is up 16% over 2018. This is a direct effort from staff to educate members on the tax advantages of this program and helps to improve member healthcare consumerism understanding.

Staff is meeting lead measures for goals to increase participation in wellness/preventive visits, as well as increase awareness of EAP services

Staff will cancel the February 27, 2019 meeting, once references for 98point+6 have been verified.

9. Approval of Minutes of Prior Meetings

Motion to approve Minutes

Mr. Panepinto motioned to approve the minutes of the meeting on October 24, 2018. Ms. Pfof seconded the motion. The motion passed 4 – 0.

The next meeting of the Health Trust is scheduled for April 24, 2019 at 5:00pm.

10. Adjournment

Motion to adjourn.

Mr. Panepinto motioned to adjourn the meeting. Ms. Perkins seconded the motion. The motion passed 4-0. The meeting adjourned at 6:10 PM.

Anthony Panepinto, Chairman

ATTEST: _____

Kristen Drew
Human Resources, Benefits Manager